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Technology

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£52m in Bitcoin stolen after cryptocurrency exchange heist

NiceHash said its entire digital wallet had been stolen   CREDIT: CHRIS RATCLIFFE

By **Margi Murphy**
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H ackers have plundered a digital currency exchange, stealing millions of pounds worth of customers' Bitcoin (https://www.telegraph.co.uk/technology/0/what-is-bitcoin-everything-need-know-about-the-cryptocurrency/).

NiceHash, a website which offers Bitcoin in exchange for customers' computing power so it can mine other cryptocur (https://www.telegraph.co.uk/technology/0/cryptocurrency/), confirmed that it had suffered a security breach early this morning

Head of marketing Andrej P. Škraba told Reuters (https://www.reuters.com/article/us-cyber-nicehash/digital-currency-exchange-nice nearly-64-million-hacked-idUSKBN1E10AQ) that the hack was "a highly professional attack with sophisticated social engineeri 4,700 Bitcoins, worth about $70m (£52m) at current prices, were lost.

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He said the company was co-operating with local authorities but declined to give more information. "Clearly, this is a concern and we are working hard to rectify the matter in the coming days," NiceHash said on Facebook.

The hack illustrates a major problem with Bitcoin - while the network itself is seen as almost unhackable, the exchang rely on to store their money are vulnerable.

NiceHash has shut down its website while it investigates CREDIT: NICEHASH

"In addition to undertaking our own investigation, the incident has been reported to the relevant authorities and law are co-operating with them as a matter of urgency."

It has urged customers to change their online passwords as a precaution.

A new digital wallet with 4,736 Bitcoin (or $70m) appeared shortly after the breach was reported. The mystery wallet, speculated may be where the missing Bitcoin have been sent to, is visible online but its owner is anonymous.

FAQ | Bitcoin

What is it?
A digital currency, used to make payments of any value without fees. It runs on the blockchain, a decentralised ledger kept running by "miners" whose powerful computers crunch transactions and are rewarded in bitcoins

Who invented it?
Satoshi Nakamoto, a secretive internet user, invented bitcoin in 2008 before it went online in 2009. Many attempts to identify Satoshi have been made without conclusive proof

What's it for?
People see value in money free from government control and the fees banks charge; as well as the blockchain, to verify transactions. Bitcoin has been seen as a tool for private, anonymous transactions, and it's the payment of choice for drug deals and other illegal purchases

Is it worth anything?
Yes. As of December 2017, there were around 16.7m bitcoins in circulation. Each was worth around $14,000 after a recent high of close to $20,000 for a market value of $230 billion.

Crypto-mining has become a popular way to invest in Bitcoin, allowing those who own Graphics Processing Units (GI share their computing power to add to the blockchain, also referred to as "mining".

Some of NiceHash's customers complained of losing upwards of $2,000 stored on the exchange.

The heist is just the latest disaster among digital wallets. Just last month Parity, which is popular among startups who their fundraising cash, froze $162m in cryptocurrency Ethereum, after a novice hacker deleted code necessary for acc

Earlier this month UK cryptocurrency startup Electroneum (https://www.telegraph.co.uk/technology/2017/11/06/british-cryptocur cyber-attack-raising-30m/), which raised $40m (£30m), was hit by a cyber attack that shut investors out of their accounts.

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